

To: FARA Registration Unit
202-514-2836

Three more pages

From: Jeffrey Farrow
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Based on informal advice provided today by Alex Mudd following receipt of your letter the night before last, I am sending a print out of a statement publicly distributed by Palau's Compact Review Advisory Group regarding earlier meetings with executive branch officials that I subsequently forwarded along with a Department of State list of the participants for the meetings that identify me as representing Palau.

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A Compact of Free Association replaced the United States administration of Palau, islands which the U.S. took in war and subsequently administered for the United Nations. The Compact, which was signed in 1986 and took effect October 1, 1994, includes provisions of various duration. Some are to last at least 50 years, including full U.S. military authority -- although the power of the U.S. to deny access to Palau and its extensive waters by the military of any other nation is to continue in perpetuity.

The amounts and types of U.S. budgetary and programmatic assistance to Palau under the Compact are specified for 15 years, but the Compact requires reviews of its terms and the entire relationship on its 15th, 30th, and 40th anniversaries. The reviews are to consider the operating requirements of the Government of Palau and the islands' development. The Compact also commits the U.S. to acting on the findings and to promoting Palau's long-term economic development.

A Palauan delegation that included Vice President Kerai Mariur, Chief Representative for Compact Review Joshua Koshiba, Minister of Health Dr. Stevenson J. Kuartei, Palau Community College President Dr. Patrick Tellei, Ambassador to the U.S. Hersey Kyota, Representative to the United Nations Stuart Beck, and their consultants met in Honolulu on July 8-9 in connection with the 15th Anniversary Review with an American delegation that included Department of State Office of Australia, New Zealand, and Pacific Islands Affairs Alcy Frelick, the head of the US Delegation, and representatives of the Departments of the Interior and Defense and the Weather and Postal Services.

The U.S. delegation made positive statements on a few matters and agreed to discuss some others further. A number of the U.S. delegation's statements, however, evidenced a need for greater study by some U.S. officials of the intent as well as the letter of the Compact, the relationship as a whole, Palau's economic situation and fiscal responsibility commitments, and Palau's contributions to the U.S. and to international harmony -- including sacrifice by Palauans in the U.S. military, the UN international peacekeeping force and Palau's strategic location and posture, and Palau's positions in the U.N.

Palau is grateful for its partnership with the U.S. and wants to continue in the association as called for by the Compact, deepen the relationship, and develop its capacities as a freely associated state. It appreciates the more positive expressions of U.S. Secretaries of State Clinton and of the Interior Salazar and congressional leaders of both political parties. Palau fully trusts that reflection will result in an approach to the relationship consistent with the Compact and to positions befitting the great nation that is the United States.

Recognizing that the questions of the association are relatively small and unique for the Government of the U.S. and that the U.S. faces many and extraordinary challenges at this time, Palau understands why more deliberation by U.S. officials can be needed.

Because of this, because of the confidence that it has in the United States, and because it would not be productive to elaborate with others on the conversations at this stage, Palau's representatives are confining additional comment to official communications.

Participants

United States

Ms. Alcy Frelick	-Chief Reviewer, Department of State
Mr. Tom Bussanich	-Director, Budget and Compact Grants, DOI
Ms. Mary Comfort	-Legal Adviser, Department of State
Mr. Mark Bezner	-Charge d'affaires to Palau
Ms. Jessica Powers	-Country Director, South and Southeast Asia, DoD
Lt. Col. Jennifer Hughes, USAF	-Oceania Country Director, U.S. Pacific Command
Mr. Steven Brescia	-Compact Legal Specialist, Department of State
Mr. Leo Tudela	-U.S. Postal Service
Mr. Randall Sobol	-U.S. Postal Service
Mr. Jeff LaDouce	-National Weather Service

Palau

Ambassador Joshua Koshiba	-Chief Representative for the Compact Review
Dr. Stevenson Kuartei	- Minister of Health
Dr. Patrick Tellei, Ed.d	-Chairman, Education Committee Compact 432 Review
Ambassador Hersey Kyota	-Ambassador to the United States
Ambassador Stuart Beck	-Permanent Representative to the United Nations
Mr. Kevin Kirk, Esq.	-Legal Counsel, Compact 432 Review
Mr. Kevin O'Keefe	-Economic Consultant, Compact 432 Review
Mr. Jeffrey L. Farrow	-Adviser, Washington, DC